

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, December 13, 1954. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Szymczak
Mr. Mills
Mr. Robertson
Mr. Balderston

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Leonard, Director, Division of Bank Operations
Mr. Vest, General Counsel
Mr. Sloan, Director, Division of Examinations
Mr. Johnson, Controller, and Director, Division of Personnel Administration
Mr. Sprecher, Assistant Director, Division of Personnel Administration

The following matters, which had been circulated among the members of the Board, were presented for consideration and action taken as indicated:

Memoranda from appropriate individuals concerned recommending that the basic annual salaries of the following employees be increased in the amounts indicated, effective December 19, 1954:

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Office of the Secretary</u>			
Cora Lee Hatch, Review Classifier		\$3,910	\$4,035
Helen E. Cook, Review Classifier		4,035	4,160
<u>Research and Statistics</u>			
Tynan C. Smith, Economist		10,400	10,600

12/13/54

-2-

Salary increases, effective December 19, 1954 (continued)

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
	<u>Bank Operations</u>		
Eleanor I. Klein, Statistical Clerk		\$3,495	\$3,575
	<u>Administrative Services</u>		
Henry A. Bates, Messenger		2,792	2,872
Elsie N. Carrick, Assistant Supervisor, Stenographic Section		4,035	4,160

Approved unanimously.

Memorandum dated December 7, 1954, from Mr. Sprecher, Assistant Director, Division of Personnel Administration, recommending that the appointment of Billie Jo Hickman, who was transferred to the position of Secretary in that Division for a period of one year effective January 1, 1954, be extended through 1955.

Approved unanimously.

Memorandum dated December 2, 1954, from Mr. Young, Director, Division of Research and Statistics, stating that M. H. Schwartz, an Economist in that Division, had been asked to serve as president of the Little Hunting Park, a nonstock, nonprofit corporation to be chartered by the State of Virginia in the next few days. The memorandum recommended that permission be granted to Mr. Schwartz for this outside activity.

Approved unanimously.

Memorandum dated November 29, 1954, from Mr. Young, Director, Division of Research and Statistics, stating that Mr. Riley, Chairman of the Nominating Committee of the Business and Economics Section of the American Statistical Association, would like to propose the name of Mr. Williams, Assistant Director of the Division of Research and Statistics, to the Association for the position of Chairman of the Business and Economics Section for the year 1956, with Mr. Williams serving as Chairman-elect during 1955. The memorandum recommended that Mr. Williams be granted permission to accept nomination to this office.

Approved unanimously.

12/13/54

-3-

Mr. Sloan, Director, Division of Examinations, entered the room at this point.

Letter for the signature of the Chairman to Mr. Joseph H. Wolfe, Secretary, Trust Division, American Bankers Association, 12 East 36th Street, New York, New York, reading as follows:

Reference is made to your letter of November 17 in which you refer to the annual studies of trust department income and expenses developed initially by the Federal Reserve Bank of Boston in 1948 and similar studies which were later undertaken by the Federal Reserve Banks of San Francisco and New York. The benefits derived from such studies by the trust institutions in the Federal Reserve Districts involved have prompted your Committee on Relations with Supervisory Authorities to recommend, through the Executive Committee of the Trust Division of the American Bankers Association, that the Board lend its encouragement and support to the development of surveys of such kind on a uniform and nation-wide basis.

We have been aware of the widespread favorable interest which has been generated by these surveys of trust department operating results among those concerned with corporate fiduciary activities and the profitability of trust department operations. From time to time members of our staff have informally considered the desirability of the Board sponsoring development of such surveys on a national basis. In view of the specialized nature of the studies and the rather limited field of interest in the results obtained, and in consideration of the complexity and volume of the work involved in their successful completion, the opinion thus far has been that such a program should not be urged upon the Reserve Banks faster than interest in it is strongly evident on the part of member banks in their respective districts.

There are two rather substantial problems concerned with surveys of this kind on a twelve-district basis. One of these, as you so well point out in your letter, is the matter of uniform methods of reporting. This has been a major obstacle in the development of studies in those districts which have inaugurated them, and it is most clear that if the survey results are to be meaningful to the interested trust institutions, the component data must be accumulated, processed, and interpreted on a uniform basis. Present methods of bank accounting with respect to trust department operating costs are not in all cases compatible with this essential feature of the surveys which you recommend. Another problem bearing on

12/13/54

-4-

this proposal is concerned with the fact that surveys of this kind are of interest primarily to those banks which administer trust business in relatively substantial volume. In some Federal Reserve Districts there may be too few banks with a sufficient volume of trust business to make these operating surveys desirable or significant. In fact, it is believed that only those banks with a substantial volume of trust business, and where trust department cost data are developed in fairly comprehensive form, would be enabled to participate effectively in operating surveys of the kind herein discussed.

We will be happy, of course, to explore this matter further with our own staff and with the Federal Reserve Banks, and toward this end we welcome the offer of assistance from your Association.

Approved unanimously.

Memorandum dated November 12, 1954, from Mr. Hexter, Assistant General Counsel, with respect to the proposed acquisition by Montgomery Norristown Bank and Trust Company, Norristown, Pennsylvania, of stock in a newly formed title insurance corporation. The memorandum stated that Montgomery Norristown Bank and Trust Company was admitted to membership in 1925 at which time it had authority to engage in the title insurance business, that it had continued exercising this power throughout the intervening years, but that it now proposed to dispose of its title insurance business to a separate corporation (which would also take over the title insurance business of The Bryn Mawr Trust Company, a nonmember bank) and to receive payment for the business in the form of a 40 per cent stock interest in the new title insurance company. The nonmember bank would receive the remaining 60 per cent stock interest in the new title company. Mr. Hexter's memorandum stated that the legal question was whether the proposed acquisition by the member bank of stock in the title insurance company would constitute a "purchase" of such stock, in which event it would be prohibited by Section 5136 of the Revised Statutes (12 U.S.C. 24). For reasons set forth in the memorandum, Mr. Hexter had reached the conclusion that such acquisition of stock would constitute a purchase and would, therefore, be prohibited by the statute.

Mr. Hexter's memorandum noted that the Federal Reserve Bank of Philadelphia regarded the plan as constructive and desirable, and that that Bank recommended that no objection be interposed to its consummation. The memorandum stated further that, if the Board was disposed to take an adverse position in connection with the proposed transaction, Messrs. Hill, Vice President, and Vergari, General Counsel, of the Philadelphia Bank, would like to have an opportunity to discuss the matter with the Board before a final decision was reached.

12/13/54

-5-

Chairman Martin suggested that in view of the opinion expressed by the Legal Division, Messrs. Hill and Vergari be invited to come to the Board's offices for the purpose of discussing the matter.

There was agreement with this suggestion.

Memorandum dated December 3, 1954, from the Division of Examinations recommending that the Federal Reserve Bank of New York be advised informally that favorable consideration would be given the tentative proposal of the Bankers Trust Company, New York, New York, to acquire the Bronx County Trust Company, New York, New York, and its eight branches, according to a plan submitted by Bankers Trust Company, provided the bank premises to be acquired in the transaction are placed on the books of the purchasing bank at a figure not in excess of the depreciated value of such properties as computed for income tax purposes.

Approved unanimously.

Letter to the International Banking Corporation, 55 Wall Street, New York, New York, reading as follows:

Reference is made to your application, transmitted through the Federal Reserve Bank of New York under date of March 19, 1954, for permission to establish a branch in Madrid, Spain, or its environs.

In a letter dated May 27, 1954, the Federal Reserve Bank of New York reported that, as requested by the Board, your Corporation had been advised informally of the views of the Defense Department and that, if your Corporation desired that further consideration be given to the application, you should furnish additional information regarding the reasons for establishment of the branch, the scope of activities, and the type of business to be conducted. Subsequently, your letters of May 26 and June 11 to the Federal Reserve Bank of New York furnished further information regarding your application.

In a recent letter from the Department of the Air Force, the Board was informed that the matter was investigated in mid-summer, and checked further during a staff visit to Spain in October, and that it had determined that the best interests of the United States Government would be best served at this time by utilizing existing Spanish banks.

12/13/54

-6-

In the circumstances, therefore, the Board will take no action on the application at this time. However, should you wish at some later time to establish a branch in Spain out of considerations unrelated to the requirements of the Defense Department, the Board will, of course, be glad to consider a new application on the basis of the then existing facts and circumstances.

Approved unanimously, for
transmittal through the Federal
Reserve Bank of New York.

Letter to the Presidents of all Federal Reserve Banks reading as follows:

This refers to the Board's letter of September 30, which requested comments on whether a breakdown of borrowings, from Federal Reserve Banks and from others, should be shown in the weekly reporting member bank statement for banks outside of New York City and Chicago. As indicated in the Board's letter, this breakdown has already been put into effect in that part of the statement showing data for New York City and Chicago.

On the basis of the replies that have been received, it appears that the breakdown could be furnished from Reserve Bank records with little effort, and that the information would be useful and worth while.

Beginning with data for the first Wednesday following the date of this letter, all Federal Reserve Banks are requested to obtain from their own records the borrowings of weekly reporting member banks and, with this information, to subdivide the "Borrowings" item in their reports to the Board. For this purpose, the code words PARB, for borrowings from Federal Reserve Banks, and PAFO, for borrowings from others, should be used in telegraphic reports. No change, however, should be made in forms used by reporting member banks, and the code word PAIN, for total borrowings, will be continued for this purpose.

Reserve Banks are also requested to obtain and forward the corresponding data for the preceding week in order that week-ago comparisons may be shown in the first statement; these data need not be compiled for the preceding year, although this was done at the suggestion of the Reserve Banks concerned when the breakdown was adopted for New York City and Chicago.

Inasmuch as the distinction between sources of borrowings may be inconsequential in individual districts, corresponding changes may be made, or not, in releases and other publications of weekly reporting member bank data at the Reserve Banks.

Approved unanimously.

12/13/54

-7-

Before this meeting there had been circulated among the members of the Board a memorandum from the Division of Personnel Administration dated December 3, 1954, with respect to Public Law 767 signed by the President on September 1, 1954, providing unemployment compensation for Federal employees. The memorandum stated that under this Act, any former civilian employee of the Federal Government, with certain exceptions defined by law, may receive unemployment compensation for all periods of unemployment subsequent to December 31, 1954, in accordance with the laws of the State where he resides. Such benefits would be determined and paid by the State concerned on the basis of information provided by the agency of the Federal Government where the claimant performed Federal service during the base period used in computing the benefits. The Federal Government would reimburse the State concerned from appropriations which would be made by Congress for the purpose and which would be administered by the Secretary of Labor.

The memorandum went on to say that the Legal Division had expressed the opinion that Public Law No. 767 was applicable to persons who left the employ of the Board of Governors. It also recommended that the Board formally recognize the applicability of the law to employees who left the service of the Board so that information about the service of a former employee could be furnished to a State upon request in those instances where a claim for unemployment compensation was filed. In addition, the memorandum stated that the Board would have no responsibility for determining

12/13/54

-8-

the amount of benefits to which former employees are entitled and would not be required to make any payments in respect to the benefits to be received by former employees.

Mr. Sprecher commented briefly on the proposed action, after which Governor Mills inquired as to the practicability of the Board contributing amounts sufficient to offset the cost to the Federal Government of any benefits paid under the law. Governor Mills' point was that otherwise the Board might be regarded as obtaining benefits for former employees from the Federal Government without having contributed to meeting the cost, and that this situation might be a case for criticism.

There followed a general discussion of the manner in which the unemployment compensation benefits would be determined and paid for and of the question raised by Governor Mills. During the discussion it was suggested that regardless of whether the Board formally recognized the applicability of the law at this time, there appeared to be no question that the law applied and that a former employee would have a right to request the Board to supply the necessary information to enable him to receive benefits under the Federal unemployment compensation law.

After further discussion, the recommendation contained in the memorandum was approved unanimously.

Mr. Hexter, Assistant General Counsel, entered the room at this point.

There was presented a letter to Mr. James C. Tweedell, Assistant to the President, Carrier Corporation, 942 Investment Building, Washington,

12/13/54

-9-

D. C., reading as follows:

Following the discussion you and Mr. E. Taylor Chewning had on November 17, 1954 with Governor Szymczak and members of the Board's staff regarding the air conditioning contract for the proposed Birmingham Branch building, at which time you delivered your letter of November 15, the Board has made inquiry regarding the matter.

The Board understands:

1. Carrier Corporation and York Corporation were invited to compete for the design and installation of an air conditioning and ventilating system for the proposed alterations to the Birmingham Branch of the Federal Reserve Bank of Atlanta.
2. That the criteria for the system were set up by Mr. Albert L. Baum of the firm Jaros, Baum & Bolles of New York, as consulting engineer.
3. That the designs and bids were to be submitted to Mr. Baum for evaluation and recommendation.
4. That any questions as to intent or requirements were to be referred to Mr. Baum for decision.
5. That, as stated in your letter, the original bid submitted by York Corporation was in the amount of \$350,000 and that of Carrier Corporation \$268,653.
6. That the consulting engineer considered neither bid acceptable.
7. That the consulting engineer called in representatives of each of the two companies, amplified his specifications, and gave each of the bidders opportunity to modify its original proposal.
8. That the consulting engineer considered that these discussions constituted a clear and evident rejection of both original bids and that he did not regard it as appropriate, in the circumstances, to permit one company to modify its bid without permitting the other company an equal right.
9. That following the meeting with Mr. Baum each of the two companies modified its design proposals and submitted revised bids; Carrier Corporation in the amount of \$282,463 and York Corporation in the amount of \$281,500.
10. That Mr. Baum, the consulting engineer, recommended acceptance of the bid of York Corporation, not only as being the low bid on the revised proposals, but because the design proposed by York Corporation offered a number of significant technical advantages.

12/13/54

-10-

11. That throughout the consideration of the original bids, the modifications, and the revised bids, the Bank has acted upon the advice of Mr. Baum, its consulting engineer.

12. That at no time have you or the representatives of your company questioned the competency, the integrity, or the ethics of Mr. Baum.

13. That representatives of your company have been afforded ample opportunity to present their views to Mr. Baum and to President Bryan and other senior officers of the Federal Reserve Bank.

In this connection, when asked during the discussions in Governor Szymczak's office on November 17 whether your representatives had seen Mr. Bryan about the matter, you replied that they had been literally thrown out of his office, leaving with the group the impression that they had not been accorded a hearing.

The Board understands that two of your Atlanta representatives met with President Bryan, First Vice President Clark, and General Counsel Patterson in Mr. Bryan's office on November 8, 1954, for more than two hours. It is understood that during that time Mr. Bryan explained that in the matter the Bank was acting solely upon the advice of its professional consultant, Mr. Baum, and on several occasions asked whether your representatives questioned his competency or integrity. Mr. Bryan was repeatedly informed that they did not make such a charge, but that, on the contrary, they regarded Mr. Baum as a man of competency and of the highest integrity. It is also understood that during that meeting Mr. Bryan asked your representatives several times whether they would like to appear before the Board of Directors of the Atlanta Bank, and your representatives consistently declined. The Board has been informed that it was only after more than two hours of repetitious discussion, and when no new points were being advanced, that Mr. Bryan terminated the interview.

In the discussion with Governor Szymczak, you and Mr. Chewing suggested that Carrier Corporation had been invited to bid, and was used as a means to bring about a reduction in the bid of York Corporation. Mr. Bryan denies this categorically and had advised the Board that the bids were called for and that the negotiations throughout were conducted in good faith.

In the circumstances, the Board sees no reason to ask the Directors of the Reserve Bank to reconsider their action, taken in the light of all of the circumstances and upon the advice of the Bank's consulting engineer.

12/13/54

-11-

If the Board's understanding of the matter, as outlined above, is incorrect in any significant manner, it would appreciate advice as to where it is not correct.

Approved unanimously, with
a copy to Mr. Bryan, President,
Federal Reserve Bank of Atlanta.

Mr. Sloan withdrew from the meeting at this point.

Governor Robertson referred to the discussion at the meeting on December 10 regarding the recommendation of the Presidents' Conference that no action be taken to integrate the Retirement System of the Federal Reserve Banks with the Social Security System in a manner which would result in raising from \$3,600 to \$4,200 the amount of an employee's salary on which contributions by the Federal Reserve Bank to the Retirement System of the Federal Reserve Banks would be based. He then read a memorandum which he had prepared, as follows:

The question before us, as I understand it, is whether we should recommend to the Board of Trustees of the Retirement System that the "point of integration" be raised from \$3,600 to \$4,200, in view of the fact that Social Security will now apply to the first \$4,200 of covered annual earnings. (I do not think we are in a position to take any stronger action, as a practical matter; even assuming we have legal power to terminate the Retirement System, this matter would not be of sufficient magnitude to justify such extreme action if the Trustees decided against raising the integration point to the \$4,200 level.)

Although the details are not clear, it appears that failure to raise the integration point to \$4,200 will result in double coverage, to some extent, of the \$600 range between \$3,600 and \$4,200. Inevitably this will result in greater cost to the Reserve System and thus, in ultimate effect, to the Federal Government, which currently receives 90% of the earnings of the Reserve Banks. There may be some question as to the propriety of such double coverage in these circumstances (particularly if our Retirement System is compared with the Civil Service Retirement System) and some persons very likely would find ground for criticism in such double coverage at the expense of the Federal Government.

12/13/54

-12-

Against these reasons for shifting the integration point to \$4,200, there seem to be presented only the arguments that:

- (1) the further integration goes, the less is our adherence to the basic Retirement System principle of relatively higher allowances for employees of longer service and higher achievement (as measured by salary), and
- (2) a number of private corporations and banks have decided against raising their integration level.

With respect to (1), it might be said that our 1950 election to bring Bank employees under Social Security was a very substantial "departure" from the above-stated principle of the Retirement System, and if it was felt then that employee morale would not be injured by that big step, it is difficult to see why morale would now be injured by a step one-sixth the size of the first. Are we straining at a \$600 gnat after swallowing a \$3,600 camel?

With respect to (2), it might be argued that we should decide the matter on principle, and not on the basis of what is done by private corporations and banks, which are disposing of their own funds (subject to stockholder review) rather than Government funds. It might be argued that the proper comparison is between our Retirement System and the Civil Service Retirement System; the latter, of course, has no integration and no double coverage.

In connection with item (1) on page 2, there is another fact which strikes me as important, although its precise significance is not clear. Apparently, as the integration level is raised, the over-all retirement benefits (Federal Reserve retirement plus Social Security) of higher-salaried, longer-service employees actually will fall further and further below what they would have received under the Federal Reserve Retirement System in the absence of Social Security coverage. If this is the case, it seems to be a strong argument against further integration on the present basis, but it is not clear why integration could not be worked out on a basis whereby no employee will receive under integrated coverage a smaller retirement allowance than he would have received in the absence of Social Security coverage.

These are tentative thoughts on the problem, based on incomplete information and superficial study, and may fail to give proper weight to opposing arguments or to take into consideration important factors, including the recommendations of the Kaplan Committee. In the circumstances, I suggest that the Board of Governors recommend that the status quo be maintained for the time being (i.e., that there be no further integration at this time), but request the Federal Reserve Banks to study the matter further in the light of these and of other pertinent considerations and to inform the Board of their conclusions, and the reasons therefor, in order to provide the basis for positive action.

After a discussion, the Board reaffirmed the action taken at the meeting on December 10,

12/13/54

-13-

1954, approving the recommendation of the Presidents' Conference, which would leave unchanged at this time the basis for employer and employee contributions to the Retirement System of the Federal Reserve Banks. It also agreed that the Federal Reserve Banks be requested to study the matter with a view to developing, if possible, a policy which would enable the System to meet changes in the Social Security program on a broad policy basis, rather than on the ad hoc basis of the specific changes in the Social Security law as they are made. In taking this action, it was understood that Chairman Young of the Presidents' Conference would be advised of the Board's views by letter.

At this point Messrs. Vest and Hexter withdrew from the meeting and Messrs. Farrell, Chief, Reserve Bank Budget and Expense Section, and Massey, Technical Assistant, Division of Bank Operations, entered the meeting.

Reference was made to a memorandum dated December 10, 1954, from the special committee consisting of Governors Szymczak, Vardaman, and Balderston recommending that the 1955 budgets of the Federal Reserve Banks be accepted with qualifications and exceptions set forth in the memorandum.

Governor Szymczak commented upon the study of the Federal Reserve Bank budgets made by the committee and upon the reasons for the following committee recommendations:

- (a) That the Chicago budget be accepted, but that a paragraph be added to the acceptance letter calling attention to the overbudgeting in 1953 and 1954, and to the increase in the 1955 budget; and expressing the hope (a) that expenditures during the forthcoming year will be kept well within the budget, and (b) that every effort will be made to present more realistic figures in future budgets.
- (b) That the Minneapolis Bank be advised that the Board has accepted the budget total for operating purposes, but has withheld action on the budget detail until revised functional data can be submitted reflecting the changes resulting from the election of new officers. If, as is confidently expected, a revised budget is submitted showing approximately the same total as that previously

12/13/54

-14-

submitted, the only further action necessary by the Board would be a letter accepting the revised budget.

- (c) That the general personnel program of the Atlanta Bank be discussed informally with the appropriate officials toward determining the degree to which the Bank's relatively costly employee training program can properly be termed essential to the Bank's current needs.
- (d) That there be informal discussion with officials of the Kansas City Bank designed to attain a balance between the "fringe benefits" program necessary to obtain optimum personnel stability and the System objective of curtailing costs wherever possible.
- (e) That the budget acceptance letters to all Banks include paragraphs--(1) expressing the Board's concern about the consistent growth of expenditures for the Bank and Public Relations function, (2) noting that some of the growth has been due to increased activities in such fields as flannel-board presentations, seminar-type meetings, economic forums, and similar educational undertakings; and that such efforts have been productive and--in proper proportion--can be fully justified, and (3) requesting that, if these activities are to be continued and expanded, a thorough review be made of other activities in the bank relations field--particularly expenses for routine visits to banks, for luncheons, dinners, and other forms of entertainment, and for membership dues and donations; and that spending for these activities be carefully screened by the directors and officers. It is also requested that the Board be advised of any curtailments or other changes in the bank relations program that may be made in the light of these comments.
- (f) That the budgetary provision of \$60,000 in the budget of the Federal Reserve Bank of New York for revival of the moving picture project be disapproved. It is suggested in this connection that it would be desirable for Chairman Martin to discuss this matter informally with President Sproul before the letter setting forth the Board's action is dispatched.

12/13/54

-15-

- (g) That it would be desirable for the Board to discuss informally with President Sproul the part of the New York Bank's "Technical Assistance" program relating to bookkeeping and transit operations to see whether it should be continued.

In the course of the ensuing discussion it was agreed unanimously that the exceptions taken to the budget submitted by the Federal Reserve Bank of Chicago should be discussed informally with President Young of that Bank by Governor Szymczak; that the exceptions to the budget of the Federal Reserve Bank of Atlanta should be discussed informally with President Bryan of that Bank by Governor Balderston; and that the exceptions taken to the budget of the Federal Reserve Bank of Kansas City should be discussed informally with President Leedy of that Bank by Governor Robertson. In connection with the budget of the Federal Reserve Bank of New York, it was understood that Chairman Martin would discuss with Mr. Sproul the reasons why the Board did not feel that it should approve the budget provision of \$60,000 for the moving picture project which had been disapproved by the Board for that Bank in its letter of August 6, 1953, with the understanding that this matter would also be commented on in a letter to be sent to President Sproul following Chairman Martin's discussion with him. It was also agreed that, for reasons discussed at the meeting, no reference would be made either in the letter to Mr. Sproul or in Chairman Martin's discussion with him to the Special Committee's suggestion that inquiry be made to determine whether that part of the Bank's "Technical Assistance" program relating to bookkeeping and transit operations should be continued.

Following the discussion, letters to the Federal Reserve Banks recommended by the Special Committee as follows were approved by unanimous vote, it being noted that Governor

12/13/54

-16-

Vardaman joined in the recommendations submitted by the special committee which had been requested at the meeting on November 30, 1954, to review Federal Reserve Bank budgets for the year 1955. In taking this action it was understood that the letter to Mr. Sproul would not be mailed until Chairman Martin had discussed the matter with him:

Letter to the Federal Reserve Bank of Boston reading as follows and similar letters to all of the other Federal Reserve Banks except that the letters to New York, Chicago, and Minneapolis contained additional paragraphs shown below.

The Board of Governors has reviewed and accepts the 1955 budget of the Federal Reserve Bank of Boston, which was submitted with your letter of September 27 and revised by Mr. Boardman's letter of October 18, 1954.

In reviewing the budgets of the Reserve Banks, the Board has noted with some concern the consistent growth of expenditures for the Bank and Public Relations function. Some of this has been due to increased efforts to add to the public understanding of credit and monetary policies through such activities as flannel-board presentations, seminar-type meetings with teachers of money and banking, economic forums, and similar educational functions. Such efforts have been productive and, in proper proportion, can be fully justified.

If such efforts are to be continued and expanded as several banks have indicated, however, a thorough review of other expenditures for the Bank and Public Relations function is warranted. This is particularly true of spending for routine visits to banks, for luncheons, dinners, and other forms of entertainment, and for membership dues and donations. The Board believes that spending for these activities should be screened most carefully by the directors and officers of each Bank and each branch.

The Board would appreciate being informed of any curtailments or other changes in your Bank Relations program that may be made in the light of these comments.

Special paragraph contained in letter to Federal Reserve Bank of New York

The Board of Governors has reviewed the 1955 budget of the Federal Reserve Bank of New York, which was submitted with Mr. Treiber's letter of September 17, 1954.

12/13/54

-17-

As you were informally advised by Chairman Martin, the Board feels it would be undesirable for your Bank to go ahead with the moving picture project which was included in your budget. Aside from the \$60,000 provided for that purpose, the Board accepts the 1955 budget as submitted.

Special paragraph contained in letter to Federal Reserve Bank of Chicago

While accepting the budget as submitted, the Board is concerned about the \$550,000 increase in the amount provided for employees' salaries at the Head Office, which represents more than one-fourth of the aggregate increase of \$1,900,000 shown for the System as a whole in this item. It was noted in this connection that in recent years the Head Office budgets for employees' salaries have been considerably overstated; for example, in 1953 there was a budget surplus of \$650,000 (7 per cent), and in 1954 it appears there will be a surplus of about \$350,000 (4 per cent). In view of these circumstances, the Board urges that every effort be made to keep salary costs in 1955 well within the budget, and to see that in future years amounts provided for employees' salaries be more closely budgeted.

Special paragraphs contained in letter to Federal Reserve Bank of Minneapolis

The Board of Governors has reviewed the 1955 budget of the Federal Reserve Bank of Minneapolis, which was submitted with your letter of September 13, 1954. It was noted that the budget made no provision for contemplated changes in officers' salaries, and that the underbudgeting of this item will be approximately offset by the overbudgeting of employees' salaries. While this situation will have no significant effect on the budget total, it will materially affect the functional details shown on Schedule X and Exhibits A-C.

In view of these circumstances, the Board has accepted the budget total for operating purposes, but has withheld action on the budget itself. As soon as your directors have formalized the contemplated changes in officers' salaries, please submit appropriate revisions in the budget (Form F. R. 96a, Schedule X and Exhibits A-C) reflecting such changes. Please also include in the revised budget the changes mentioned in Mr. Larson's letter of November 9, 1954.

12/13/54

-18-

Before this meeting there had been sent to the members of the Board a memorandum from the special committee consisting of Governors Szymczak, Vardaman, and Balderston dated December 9, 1954, recommending that the budget of the Board for the year beginning January 1, 1955, be approved as submitted in the amount of \$4,358,566. The memorandum called attention to the inclusion in the budget of a number of special items previously discussed and approved by the Board including \$10,000 to cover the cost of printing 5,000 buckram bound copies of a revised edition of the Federal Reserve Act, and stated that while the Legal Division felt that a revised edition of the Act would be desirable, it could be deferred until next year if the Board had any substantial doubt on the subject.

After a brief discussion it was agreed that the item should be deleted.

The memorandum also noted that the budget provided \$40,000 for conversion of five elevators to automatic operation. In commenting on this item, Mr. Johnson stated that if the Board contemplated that contracts for conversion of the freight elevator and all four passenger elevators would be let in the near future, it would be necessary to include the full \$40,000 in the 1955 budget. However, if the Board contemplated placing contracts only for the freight elevator and the Constitution Avenue passenger elevator during the next several months, it would be possible to reduce the 1955 budget to \$20,000.

12/13/54

-19-

In discussing the action taken by the Board at the meeting on December 8, 1954, it was brought out that the Board contemplated the placing immediately of an order for conversion of the freight elevator and the Constitution Avenue elevator, and that it had agreed to defer the conversion of the bank of three passenger elevators near the "C" Street entrance to the building until it had had an opportunity to observe the other automatic elevators in operation.

After discussion, it was agreed that no action should be taken to change the understandings reached in the meetings on November 5, 1954, and December 8, 1954, namely, that a contract would be let for conversion of the freight elevator and the Constitution Avenue passenger elevator promptly and that a decision as to whether the bank of "C" Street passenger elevators would be converted would be deferred until there had been opportunity to observe the operation of the other elevators on an automatic basis. It was agreed, however, that the amount of \$40,000 should be retained in the 1955 budget in the event the Board should decide to proceed with conversion of the additional elevators during the year 1955.

Thereupon, the Board approved unanimously a budget for 1955 as shown below:

ANNUAL BUDGET

Calendar year 1955

PERSONAL SERVICES

Salaries	\$3,130,053
Employee retirement and insurance benefits	<u>241,626</u>
Total personal services	<u>\$3,371,679</u>

12/13/54

-20-

NON-PERSONAL SERVICES

Traveling expenses:

Federal Reserve Examiners, field force	\$ 212,960
Other	45,680
Postage and expressage	56,413
Telephone and telegraph	56,470
Printing and binding:	
Federal Reserve Bulletin	92,750
Other	59,484
Stationery and supplies	32,778
Furniture and equipment	4,217
Equipment rental	23,458
Books and subscriptions	13,856
Heat, light, and power	38,000
Repairs and alterations (building and grounds)	45,330
Repairs and maintenance (furniture and equipment)	12,231
Medical service and supplies	1,500
Insurance	6,500
All other:	
Auditing books of Board	2,900
Cafeteria (net)	40,000
Consumer finances surveys	150,000
Talle Subcommittee project	30,000
Other survey and research projects	23,500
Legal and consultant fees and expenses	12,100
Official dinners, receptions, etc.	1,660
Security clearance investigations	2,520
Miscellaneous (including hearing transcripts)	<u>12,580</u>
Total non-personal services	\$ <u>976,887</u>
Grand Total	<u><u>\$4,348,566</u></u>

Minutes of actions taken by the Board of Governors of the Federal Reserve System on December 10, 1954, were approved unanimously.

12/13/54

-21-

Thereupon the meeting recessed with the understanding that the Board would meet in executive session at 2:30 p.m. today for the purpose of considering memoranda dated December 9, 1954 from the special committee consisting of Governors Szymczak, Vardaman, and Balderston submitting recommendations with respect to salaries for the Presidents and First Vice Presidents of the Federal Reserve Banks and for other officers of the Federal Reserve Banks for the year 1955.

Following the executive session, Chairman Martin informed the Secretary that during the afternoon session the Board approved all of the recommendations submitted by the special committee with respect to salaries of officers of the Federal Reserve Banks except the recommendation regarding the salary for Mr. H. N. Mangels, First Vice President of the Federal Reserve Bank of San Francisco. In that case the Board had received a letter from Mr. Brawner, Chairman of that Bank, under date of December 8, 1954, stating that the directors of the Bank had fixed Mr. Mangels' salary at \$22,000 per annum for the year 1955. Accordingly, the Board approved salary at that rate for Mr. Mangels for the year 1955. On the action of the Board approving the salary at the rate of \$35,000 per annum fixed by the directors for Mr. Earhart, President of the Federal Reserve Bank of San Francisco, Governor Robertson voted "no".

Secretary's Note: Pursuant to the foregoing authorization, letters were sent to the Chairmen of the Federal Reserve Banks under date of December 15, 1954, except that to the Federal Reserve Bank of Chicago which was dated December 17, reading as follows:

12/13/54

-22-

Letter to Chairman Hodgkinson, Federal Reserve Bank of Boston

Reference is made to your letter of November 9, 1954, advising of the action taken by the Board of Directors with respect to the fixing of officers' salaries for the year 1955. The Board of Governors has reviewed the whole problem of salaries of the Presidents and First Vice Presidents of the Federal Reserve Banks and is not prepared to approve the rates as proposed for the President and First Vice President in your letter. It does, however, approve the payment of salaries to Mr. J. A. Erickson, as President of the Federal Reserve Bank of Boston, and Mr. Alfred C. Neal, as First Vice President, for the period January 1, 1955 through December 31, 1955, at their present rates of \$30,000 per annum, and \$22,000 per annum, respectively, if fixed by the Board of Directors at such rates.

The Board of Governors also approves the payment of salaries to the following officers of the Federal Reserve Bank of Boston for the period January 1, 1955 through December 31, 1955, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of November 9:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Robert B. Harvey	Vice President and Cashier	\$18,000
Earle O. Latham	Vice President	18,000
Carl B. Pitman	Vice President	18,000
Oscar A. Schlaikjer	Vice President and General Counsel	18,000
Roy F. Van Amringe	Vice President	15,000
D. Harry Angney	Assistant Vice President	11,500
Ansgar R. Berge	Assistant Vice President	12,500
Elliot S. Boardman	Assistant Vice President	11,500
George H. Ellis	Director of Research	11,500
Frank C. Gilbody	Assistant Vice President	11,500
Edward W. O'Neil	Assistant Vice President	11,000
Dana D. Sawyer	Assistant Vice President	11,500
David L. Strong	General Auditor	11,000
Parker B. Willis	Financial Economist	9,500
Louis A. Zehner	Assistant Vice President	10,500
William R. King	Assistant Cashier	10,000
John E. Lowe	Assistant Cashier	9,000
James D. MacDonald	Chief Examiner	10,000
Loring C. Nye	Assistant Cashier	8,500
John J. Rock	Assistant Cashier	9,500
Laurence H. Stone	Secretary and Assistant Counsel	8,500
G. Gordon Watts	Assistant Cashier	8,500
Charles Turner	Assistant Cashier	8,500

12/13/54

-23-

It is noted from your letter that Messrs. Robert B. Harvey and Roy F. Van Amringe will reach retirement age during 1955, and, accordingly, payment of salaries to them is approved only to the dates of retirement.

Letter to Chairman Crane, Federal Reserve Bank of New York

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of New York and the Buffalo Branch for the period January 1, 1955 through December 31, 1955, at the rates indicated which are the rates fixed by the Board of Directors as reported in your letter of November 12, 1954:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Allan Sproul	President	\$60,000
William F. Treiber	First Vice President	30,000
Harold A. Bilby	Vice President	22,500
John Exter	Vice President	22,500
Herbert H. Kimball	Vice President	24,000
Arthur Phelan	Vice President	26,000
Harold V. Roelse	Vice President	24,000
Robert G. Rouse	Vice President	30,000
Todd G. Tiebout	Vice President and General Counsel	24,000
Valentine Willis	Vice President	25,000
Reginald B. Wiltse	Vice President	20,000
John H. Wurts	Vice President	22,500
John J. Clarke	Assistant General Counsel	18,000
Howard D. Crosse	Assistant Vice President	17,500
Felix T. Davis	Assistant Vice President	18,500
Norman P. Davis	Assistant Vice President	17,500
Paul R. Fitchen	Assistant Vice President	16,000
Marcus A. Harris	Assistant Vice President	19,000
Robert V. Roosa	Assistant Vice President	18,000
Horace L. Sanford	Assistant Vice President	19,500
Donald J. Cameron	General Auditor	15,000
Arthur I. Bloomfield	Senior Economist	12,500
Charles A. Coombs	Manager, Research Department	14,500
Harding Cowan	Assistant Counsel	14,000
George Garvy	Senior Economist	12,500
Clifton R. Gordon	Assistant Counsel	14,000
Gerald H. Greene	Acting Manager, Personnel Dept.	10,250
Edward G. Guy	Assistant Counsel	13,000
William A. Heintz	Manager, Savings Bond Dept. and Currency Destruction Dept.	13,000
Peter P. Lang	Manager, Foreign Department	15,500
John J. Larkin	Manager, Securities Department	11,500

12/13/54

-24-

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Angus A. MacInnes, Jr.	Manager, Check Department	\$14,500
William E. Marple	Manager, Credit Department and Discount Department	13,250
Spencer S. Marsh, Jr.	Manager, Securities Dept.	14,000
Michael J. McLaughlin	Manager, Cash Custody Dept.	11,000
Herbert A. Muether	Manager, Building Operating Department	13,750
Donald C. Niles	Manager, Planning Department	12,750
Arthur H. Noa	Manager, Service Department	12,000
Gregory O'Keefe, Jr.	Assistant Counsel and Assis- tant Secretary	11,000
William F. Palmer	Manager, Accounting Dept.	12,500
Franklin E. Peterson	Manager, Cash Department	12,500
Lawrence E. Quackenbush	Manager, Bank Examinations Department	13,000
Walter S. Rushmore	Manager, Security Custody Department	12,000
Kenneth E. Small	Manager, Government Bond Dept. and Safekeeping Dept.	11,750
Frederick L. Smedley	Manager, Personnel Department	12,500
George C. Smith	Manager, Collection Depart- ment and Government Check Department	11,500
Thomas O. Waage	Manager, Public Information Department	13,500
A. Chester Walton	Manager, Bank Relations Dept.	11,000
Arthur H. Willis	Secretary <u>Buffalo Branch</u>	13,000
Insley B. Smith	Vice President	21,500
Harold M. Wessel	Assistant Vice President	14,500
George J. Doll	Cashier	12,000
M. Monroe Myers	Assistant Cashier	9,200

Letter to Chairman Meinel, Federal Reserve Bank of Philadelphia

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Philadelphia for the period January 1, 1955 through December 31, 1955, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of October 21, 1954:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Alfred H. Williams	President	\$30,000
W. John Davis	First Vice President	22,000
Karl R. Bopp	Vice President	18,500

12/13/54

-25-

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Robert N. Hilkert	Vice President	\$18,000
Ernest C. Hill	Vice President	17,000
William G. McCreedy	Vice President and Secretary	17,000
Philip M. Poorman	Vice President	17,000
James V. Vergari	Vice President and General Counsel	16,000
Richard G. Wilgus	Cashier and Assistant Secretary	14,000
Joseph R. Campbell	Assistant Vice President	10,500
Wallace M. Catanach	Assistant Vice President	12,000
Norman G. Dash	Assistant Vice President	12,000
George J. Lavin	Assistant Vice President	12,000
Murdoch K. Goodwin	Assistant General Counsel and Assistant Secretary	11,000
Edward A. Aff	Assistant Cashier	9,000
Ralph E. Haas	Assistant Cashier	9,000
Roy Hetherington	Assistant Cashier	10,000
Henry J. Nelson	Assistant Cashier	9,500
Harry W. Roeder	Assistant Cashier	9,000
Evan B. Alderfer	Industrial Economist	12,000
Clay J. Anderson	Financial Economist	12,000
Zell G. Fenner	Chief Examiner	10,500
Fred A. Murray	Director of Plant	10,000
Hugh Barrie	Machine Methods Officer	10,000
Herman B. Haffner	General Auditor	10,000

Letter to Chairman Virden, Federal Reserve Bank of Cleveland

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Cleveland and its Branches for the period January 1, 1955 through December 31, 1955, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of November 10, 1954:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
W. D. Fulton	President	\$30,000
D. S. Thompson	First Vice President	22,000
Dwight Allen	Vice President	15,000
R. R. Clouse	Vice President and Secretary	16,000
A. H. Laning	Vice President and Cashier	17,750
Martin Morrison	Vice President	17,500
H. E. J. Smith	Vice President	14,500
P. C. Stetzelberger	Vice President	18,000

12/13/54

-26-

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
L. M. Hostetler	Director of Research	\$14,000
P. B. Didham	Assistant Vice President	12,000
G. H. Emde	Assistant Vice President	13,500
J. R. Lowe	Assistant Vice President	12,250
J. M. Miller	Assistant Vice President	12,000
C. J. Bolthouse	Assistant Cashier	10,500
C. E. Crawford	Assistant Cashier	9,250
E. V. Denton	Assistant Cashier	8,500
E. F. Fricke	Assistant Cashier	9,250
H. M. Boyd	Chief Examiner	12,000
C. F. Ehninger	General Auditor	15,000
H. B. Flinkers	Assistant Secretary	8,700

Cincinnati Branch

R. G. Johnson	Vice President	15,500
P. J. Geers	Cashier	13,000
Clyde Harrell	Assistant Cashier	11,000
G. W. Hurst	Assistant Cashier	9,500
John Biermann	Assistant Cashier	9,500

Pittsburgh Branch

J. W. Kossin	Vice President	20,000
A. G. Foster	Cashier	14,500
W. H. Nolte	Assistant Cashier	10,300
J. R. Price	Assistant Cashier	10,500
J. A. Schmidt	Assistant Cashier	11,000
Roy J. Steinbrink	Assistant Cashier	11,000

It is noted from your letter that Mr. J. R. Lowe will reach retirement age during 1955 and, accordingly, payment of salary to him is approved only to the date of his retirement.

Letter to Chairman Woodward, Federal Reserve Bank of Richmond

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Richmond and its Branches for the period January 1, 1955 through December 31, 1955, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letters of November 11, 1954:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Hugh Leach	President	\$30,000
Edward A. Wayne	First Vice President	22,000
N. L. Armistead	Vice President	17,500
R. L. Cherry	Vice President, Charlotte Branch	16,000
D. F. Hagner	Vice President, Baltimore Branch	16,000

12/13/54

-27-

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
A. N. Heflin	Vice President and General Counsel	\$16,000
C. B. Strathy	Vice President and Secretary	15,000
J. M. Slay	Vice President	14,000
C. W. Williams	Vice President	14,000
R. S. Brock, Jr.	General Auditor	13,500
J. Dewey Daane	Assistant Vice President	12,000
S. A. Ligon	Cashier, Charlotte Branch	12,500
U. S. Martin	Vice President	14,200
J. M. Nowlan	Cashier	12,500
A. A. Stewart, Jr.	Cashier, Baltimore Branch	12,000
T. I. Storrs	Assistant Vice President	12,000
J. W. Dodd, Jr.	Assistant Vice President	10,500
R. G. Howard	Assistant Vice President	10,200
John L. Nosker	Assistant Vice President	11,000
G. H. Snead	Chief Examiner	10,000
V. E. Pregeant, III	Assistant General Counsel	9,000
B. F. Armstrong	Assistant Cashier, Baltimore Branch	8,600
H. E. Ford	Assistant Cashier	9,000
R. L. Honeycutt	Assistant Cashier, Charlotte Branch	8,800
E. Riggs Jones, Jr.	Assistant Cashier, Baltimore Branch	7,800
E. C. Mondy	Assistant Cashier, Charlotte Branch	8,700
W. B. Wakeham	Assistant Cashier	9,100
Edw. Waller, Jr.	Assistant Cashier	9,300
A. C. Wienert	Assistant Cashier, Baltimore Branch	9,300
E. B. Coleman	Assistant Cashier	8,600

Letter to Chairman Harris, Federal Reserve Bank of Atlanta

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Atlanta and its Branches for the period January 1, 1955 through December 31, 1955, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of November 11, 1954:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Harold T. Patterson	Vice President and General Counsel	\$18,000
John L. Liles, Jr.	Vice President and Cashier	14,500
H. C. Frazer	Vice President, Birmingham Branch	13,000

12/13/54

-28-

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
T. A. Ianford	Vice President, Jacksonville Branch	\$15,000
R. E. Moody, Jr.	Vice President, Nashville Branch	13,500
M. L. Shaw	Vice President, New Orleans Branch	15,000
V. K. Bowman	Vice President	15,500
Earle L. Rauber	Vice President and Director of Research	13,000
J. E. Denmark	Vice President	13,500
S. P. Schuessler	Vice President	14,000
L. B. Raisty	Vice President	13,000
J. E. McCorvey	Assistant Vice President	10,750
Charles T. Taylor	Assistant Vice President	10,000
E. C. Rainey	Assistant Vice President, Birmingham Branch	11,000
T. C. Clark	Assistant Vice President, Jacksonville Branch	11,000
W. H. Sewell	Assistant Vice President, Nashville Branch	10,600
R. M. Stephenson	Assistant Vice President, New Orleans Branch	10,750
DeWitt Adams	General Auditor	10,000
Dowdell Brown, Jr.	Assistant Counsel	9,500
Brown R. Rawlings, Jr.	Assistant General Auditor	9,000
Fred I. Breck	Assistant Cashier	9,000
J. W. Snyder	Cashier, Jacksonville Branch	9,500
L. Y. Chapman	Cashier, New Orleans Branch	9,000
L. W. Starr	Cashier, Nashville Branch	9,500
H. J. Urquhart	Cashier, Birmingham Branch	8,500
F. H. Martin	Assistant Vice President	9,500
I. H. Martin	Assistant Vice President	9,000
R. E. Milling	Assistant Vice President	9,000
Melvin McIlwain	Assistant Cashier, Birmingham Branch	7,500
William A. Waller, Jr.	Assistant Cashier, Birmingham Branch	7,000
C. Mason Ford	Assistant Cashier, Jacksonville Branch	9,000
Stuart H. Magee	Assistant Cashier, Nashville Branch	7,500
R. M. Junca	Assistant Cashier, New Orleans Branch	7,500

12/13/54

-29-

The Board of Governors also approves the payment of salaries to Mr. Malcolm Bryan, as President of the Federal Reserve Bank of Atlanta, and Mr. Lewis M. Clark, as First Vice President, for the period January 1, 1955 through December 31, 1955, at their present rates of \$30,000 per annum, and \$22,000 per annum, respectively, if approved by the Board of Directors at such rates.

It is noted from your letter that Mr. H. J. Urquhart, Cashier, Birmingham Branch, will reach retirement age during 1955, and, accordingly, payment of salary to him is approved only to the date of his retirement.

Letter to Chairman Coleman, Federal Reserve Bank of Chicago

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Chicago and the Detroit Branch, for the period January 1, 1955 through December 31, 1955, at the rates indicated, which are the rates fixed by the Board of Directors as reported in Mr. Dawes' letters of September 14 and November 19, 1954:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
	<u>Head Office</u>	
Young, C. S.	President	\$40,000
Harris, E. C.	First Vice President	27,500
Dawes, N. B.	Vice President and Secretary	21,000
Diercks, W. R.	Vice President	20,500
Mitchell, G. W.	Vice President	18,000
Olson, A. L.	Vice President	21,000
Turner, W. W.	Vice President	19,500
Jones, L. H.	Cashier	15,000
Baughman, E. T.	Assistant Vice President	13,000
Carroll, P. C.	Assistant Vice President	13,000
Helmer, H. J.	Assistant Vice President	12,000
Laibly, C. T.	Assistant Vice President	13,500
Lies, M. A.	Assistant Vice President	14,500
Newman, H. J.	Assistant Vice President	13,000
Smyth, B. L.	Assistant Vice President	12,500
Wilson, H. F.	Assistant Vice President	13,000
Endres, J. J.	General Auditor	18,000
Gustavson, A. M.	Assistant Vice President	12,000
Hodge, P. C.	General Counsel	17,500
Barton, O. C.	Assistant General Counsel and Assistant Secretary	11,000
Van Zante, C. P.	Assistant Vice President	13,500
Bristow, E. D.	Assistant Cashier	10,000

12/13/54

-30-

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Davis, L. A.	Assistant Cashier	\$ 9,000
Dawson, L. W.	Assistant Cashier	9,000
Grimm, F. H.	Assistant Cashier	9,000
Heath, E. A.	Assistant Cashier and Assistant Secretary	12,000
Schultz, H. S.	Assistant Cashier	8,700
Shirey, E. F.	Assistant Cashier	10,000
Tucker, G. T.	Assistant Cashier	10,500
Ross, L. M.	Assistant Chief Examiner	10,500
Scanlon, C. J.	Chief Examiner	11,500
Lee, Kathryn E.	Assistant Cashier	8,100
<u>Detroit Branch</u>		
Swaney, R. A.	Vice President	16,000
Bloomfield, R. W.	Assistant Vice President	12,750
Diehl, H. L.	Cashier	11,500
Srp, J. J., Jr.	Assistant Cashier	9,750
Wiegandt, A. J.	Assistant Cashier	11,000
Lamphere, G. W.	Assistant General Counsel	11,000

A review of the proposed salary increases at your Bank has given the Board some concern. It believes that sound salary administration requires that salary increases reflect performance primarily. Adherence to this principle is rarely compatible with simultaneous recommendations for over 90 per cent of the entire officer group. It believes, furthermore, that sound administration requires continuing attention to distribution of salaries over the ranges so that sufficient head room is preserved for future pay increases as they may be called for to recognize improved performance.

In reviewing the budget in the light of these principles, the Board notes that salary increases have been proposed for Vice Presidents Hopkins, Meyer, and Sihler. Since they will reach retirement age during the coming calendar year 1955 and all have had increases in recent years, the Board is not prepared to approve further increases for these officers. However, the Board of Governors approves the payment of salaries to Messrs. Hopkins, Meyer, and Sihler, for the period January 1, 1955 to the date each retires, at their present rates of \$15,500, \$15,000, and \$21,500 per annum, respectively, if fixed by the Board of Directors at such rates.

Letter to Chairman Alexander, Federal Reserve Bank of St. Louis

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of St. Louis and its Branches for the period January 1, 1955

12/13/54

-31-

through December 31, 1955, at the rates indicated, which are the rates fixed by the Board of Directors as reported in Mr. Johns' letter of November 12, 1954:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Delos C. Johns	President	\$30,000
Frederick L. Deming	First Vice President	22,000
Wm. E. Peterson	Vice President	18,000
Howard H. Weigel	Vice President and Secretary	15,000
Joseph C. Wotawa	Vice President	15,000
Dale M. Lewis	Vice President	15,000
Darryl R. Francis	Vice President, Memphis Branch	15,000
Fred Burton	Vice President, Little Rock Branch	13,500
Victor M. Longstreet	Vice President, Louisville Branch	13,500
William J. Abbott, Jr.	Director of Research	13,500
George E. Kroner	Chief Examiner	12,000
John J. Christ	Assistant Vice President	10,700
Earl R. Billen	Assistant Vice President	10,500
Willis L. Johns	Assistant Vice President	10,500
Stephen Koptis	Assistant Vice President	10,500
George W. Hirshman	General Auditor	10,500
G. O. Hollocher	Assistant Vice President	9,100
W. W. Gilmore	Assistant Vice President	8,500
Marvin L. Bennett	Assistant Manager, Little Rock Branch	9,000
C. E. Martin	Assistant Manager, Memphis Branch	8,500
John J. Hofer	Assistant Vice President	8,500
Orville O. Wyrick	Assistant Chief Examiner	9,500
Gerald T. Dunne	Counsel and Assistant Secretary	8,500
Clifford Wood	Assistant Manager, Little Rock Branch	7,000
W. J. Bryan	Assistant Manager, Little Rock Branch	7,000
L. K. Arthur	Assistant Manager, Louisville Branch	7,000
L. S. Moore	Assistant Manager, Louisville Branch	7,200
Donald L. Henry	Assistant Manager, Louisville Branch	8,200
S. K. Belcher	Assistant Manager, Memphis Branch	7,000
H. C. Anderson	Assistant Manager, Memphis Branch	7,000

12/13/54

-32-

It is understood that Mr. S. K. Belcher will reach retirement age during 1955, and, accordingly, payment of salary to him is approved only to the date of his retirement.

Letter to Chairman Perrin, Federal Reserve Bank of Minneapolis

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Minneapolis and the Helena Branch for the period January 1, 1955, through December 31, 1955, at the rates indicated, which are the rates fixed by the Board of Directors as reported in Mr. Powell's letter of September 15 and his supplemental letter of December 10, 1954:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Oliver S. Powell	President	\$28,000
A. W. Mills	First Vice President	20,000
Sigurd Ueland	Vice President and Counsel	14,500
Otis R. Preston	Vice President	16,500
H. G. McConnell	Vice President	17,500
M. H. Strothman, Jr.	Vice President	13,000
E. B. Larson	Vice President	13,500
C. W. Groth	Vice President, Helena Branch	12,500
F. L. Parsons	Director of Research	12,000
A. W. Johnson	Assistant Vice President	10,500
Kyle K. Fossum	General Auditor	10,000
A. R. Larson	Assistant Vice President	9,500
C. Ries	Assistant Vice President	9,000
O. W. Ohnstad	Assistant Vice President	9,500
C. A. Van Nice	Assistant Vice President	10,000
M. E. Lysen	Operating Research Officer	10,500
Roger K. Grobel	Chief Examiner	10,000
M. O. Sather	Assistant Cashier	8,000
H. A. Berglund	Assistant Cashier, Helena Branch	8,500
M. B. Holmgren	Assistant Cashier	8,500
Geo. M. Rockwell	Assistant Cashier	8,500
John J. Gillette	Assistant Cashier	8,500
F. J. Cramer	Personnel Officer	7,500
C. E. Bergquist	Assistant Cashier	7,000
O. F. Litterer	Business Economist	9,000

It is noted that Mr. A. R. Larson, Assistant Vice President, will reach retirement age during 1955 and, accordingly, payment of salary to him is approved only to the date of his retirement.

12/13/54

-33-

Letter to Chairman Hall, Federal Reserve Bank of Kansas City

Reference is made to your letters of November 12, 1954, advising of the actions taken by the Board of Directors with respect to the fixing of officers' salaries for the year 1955. The Board of Governors has reviewed the whole problem of salaries of the Presidents and First Vice Presidents of the Federal Reserve Banks and is not prepared to approve the rates as proposed for the President and First Vice President in your letter. It does, however, approve the payment of salaries to Mr. H. G. Leedy, as President of the Federal Reserve Bank of Kansas City, and Mr. Henry O. Koppang, as First Vice President, for the period January 1, 1955 through December 31, 1955, at their present rates of \$30,000 per annum, and \$22,000 per annum, respectively, if fixed by the Board of Directors at such rates.

The Board of Governors also approves the payment of salaries to the following officers of the Federal Reserve Bank of Kansas City and its Branches for the period January 1, 1955 through December 31, 1955, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>Head Office</u>		
D. W. Woolley	Vice President	\$20,000
E. D. Vanderhoof	Vice President	13,000
Clarence W. Tow	Vice President	16,000
John T. Boysen	Cashier	12,000
E. U. Sherman	Assistant Vice President	10,600
F. H. Larson	Assistant Vice President	10,400
C. A. Cravens	Assistant Cashier	9,600
J. R. Euans	Assistant Cashier	9,200
J. S. Handford	Assistant Cashier	9,600
J. T. White	Assistant Cashier	9,200
C. L. Bollinger	General Auditor	10,800
L. F. Mills	Chief Examiner	10,800
<u>Denver Branch</u>		
G. A. Gregory	Vice President	15,000
H. L. Stempel	Cashier	10,400
Hubert G. Duck	Assistant Cashier	9,000
Howard W. Pritz	Assistant Cashier	8,600
<u>Oklahoma City Branch</u>		
R. L. Mathes	Vice President	15,000
F. W. Alexander	Cashier	10,400
F. R. Fritz	Assistant Cashier	9,000
Fred C. Schmocker	Assistant Cashier	8,900

12/13/54

-34-

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
	<u>Omaha Branch</u>	
P. A. Debus	Vice President	\$14,500
U. S. Berry	Cashier	9,800
William P. Doran	Assistant Cashier	8,900
Walter L. Pleiss	Assistant Cashier	7,500

It is understood that Mr. G. A. Gregory, Vice President, Denver Branch, will reach the retirement age during 1955 and, accordingly, payment of salary to him is approved only to the date of his retirement.

Letter to Chairman Parten, Federal Reserve Bank of Dallas

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Dallas and its Branches for the period January 1, 1955 through December 31, 1955, at the rates indicated, which are the rates fixed by the Board of Directors as reported in Mr. Irons' letters of October 20 and November 13, 1954:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Watrous H. Irons	President	\$25,000
W. D. Gentry	First Vice President	21,000
E. B. Austin	Vice President	17,500
L. G. Pondrom	Vice President	16,500
J. L. Cook	Vice President and Cashier	14,000
Harry A. Shuford	Vice President and General Counsel	14,000
Morgan H. Rice	Vice President and Secretary of the Board	13,000
Thomas W. Plant	Vice President	11,700
Howard Carrithers	Assistant Vice President	10,700
W. D. Waller	Assistant Cashier	9,800
Herman W. Kilman	Assistant Cashier	9,800
E. H. Berg	Assistant Cashier	9,300
Thomas A. Hardin	Assistant Cashier	9,300
G. R. Murff	General Auditor	14,000
N. B. Harwell	Chief Examiner	9,600
George F. Rudy	Assistant Counsel and Assistant Secretary of the Board	8,000
James A. Parker	Director of Personnel	9,300
Philip E. Coldwell	Director of Research	9,300
Wm. M. Pritchett	Executive Assistant	9,000
	<u>El Paso Branch</u>	
C. M. Rowland	Vice President	11,700
Alvin E. Russell	Cashier	9,300
T. C. Arnold	Assistant Cashier	7,500

12/13/54

-35-

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
	<u>Houston Branch</u>	
W. H. Holloway	Vice President	\$13,500
H. K. Davis	Cashier	10,000
B. J. Troy	Assistant Cashier	8,600
T. R. Sullivan	Assistant Cashier	7,800
	<u>San Antonio Branch</u>	
W. E. Eagle	Vice President	13,500
A. E. Mundt	Cashier	9,600
F. C. Magee	Assistant Cashier	8,300
Carl H. Moore	Assistant Cashier	9,300

It is understood that Mr. C. M. Rowland will reach retirement age during 1955 and, accordingly, payment of salary to him is approved only to the date of his retirement.

Letter to Chairman Brawner, Federal Reserve Bank of San Francisco

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of San Francisco and its branches for the period January 1, 1955, through December 31, 1955, at rates indicated, which are the rates fixed by the Board of Directors as reported in your letters of December 8 and December 9, and Mr. Earhart's letter of September 23, 1954:

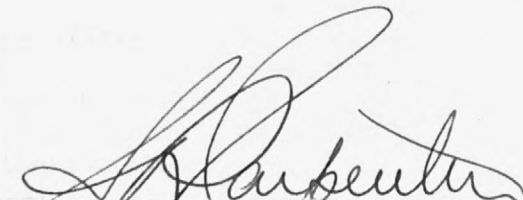
<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
	<u>Head Office</u>	
C. E. Earhart	President	\$35,000
H. N. Mangels	First Vice President	22,000
E. R. Millard	Vice President	18,000
H. F. Slade	Vice President	18,000
E. J. Swan	Vice President and Cashier	14,000
O. P. Wheeler	Vice President	16,000
R. H. Morrill	Assistant Vice President	11,500
J. L. Barbonchielli	Assistant Cashier	10,000
T. W. Barrett	Assistant Cashier	9,500
D. M. Davenport	Assistant Cashier	8,500
H. E. Hemmings	Assistant Cashier	10,000
R. C. Milliken	Assistant Cashier	9,500
A. H. Price	Assistant Cashier	8,500
H. Armstrong	General Auditor	12,000
E. H. Galvin	Chief Examiner	11,000
J. A. O'Kane	General Counsel	15,000

12/13/54

-36-

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>Los Angeles Branch</u>		
W. F. Volberg	Vice President	\$20,000
C. H. Watkins	Assistant Manager	13,500
M. J. Davies	Assistant Manager	8,000
G. D. Parker	Assistant Manager	9,000
J. R. Robinson	Assistant Manager	9,000
W. J. Thomas	Assistant Manager	8,500
<u>Portland Branch</u>		
J. A. Randall	Vice President	15,000
D. E. Bent	Assistant Manager	10,000
C. H. Mercer	Assistant Manager	8,500
A. B. Merritt	Assistant Manager	9,500
<u>Salt Lake City Branch</u>		
W. L. Partner	Vice President	15,000
E. R. Barglebaugh	Assistant Manager	11,000
A. L. Price	Assistant Manager	8,500
T. M. Simmons	Assistant Manager	8,000
<u>Seattle Branch</u>		
J. M. Leisner	Vice President	17,000
R. E. Everson	Assistant Manager	12,000
W. R. Sandstrom	Assistant Manager	9,000
D. E. Simms	Assistant Manager	9,000

The meeting then adjourned.



 Secretary